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NUCOR-YAMATO STEEL CO.

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February 28, 2000

Mr. Vernon A. Williams, Secretary
U.S. Surface Transportation Board
1925 K. Street, N.W.
Washington, D.C. 20423-0001



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Dear Mr. Williams:

Reference: STB Ex Parte 582 Proceedings

Nucor-Yamato Steel Company (NYS) is grateful for this opportunity to express our views and deep concerns regarding the direction of our National Rail Transportation System. As a shipper that sells products to customers who are served by all Class I railroads in the U.S. and Canada, we have a personal stake in continued competition within the rail industry. NYS has experienced reduced railroad competition due to previous mergers. We are concerned that future mergers will eventually lead to an U.S. rail system comprised of only two major railroads and this will further reduce the competition levels of today.

During the past western mergers we believed the access gained should have lead to stable or even lower rates, instead the mergers led to rates that are as much as 23% higher to some customers. We are concerned that future mergers will lead to these types of rate increases.

We are also concerned about the differential of rates to customers that reside in the same geographic location, but are served by different railroads. Before the western mergers, our rates were no more than 8% different to the same geographic location regardless of the delivering railroad. Currently the rates are as much as 42% different to the same geographic location dependent upon which railroad delivers the traffic. This differential has caused some NYS customers to realize a higher delivered cost than their competition, which creates a disparity that did not exist before the mergers.

Rail destinations to various points in Texas that are served by only one railroad today have seen rate increases of 20% since the UP / SP merger. NYS shipment destinations that received access to more than one railroad during the UP / SP merger have not experienced any noticeable increases.

The above paragraphs are representative of our experience with the past western mergers. Our concerns are that future mergers will follow a similar pattern as the previous western mergers. We fear that future mergers will reduce competition if the STB does not enact provisions during any future

mergers to maintain the level of competition that exists today. We will continue to evaluate any proposed mergers and present some alternatives during the hearing March 9, 2000.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Stratman". The signature is fluid and cursive, with the first name "Joe" being more prominent and the last name "Stratman" following in a similar style.

Joe Stratman
Vice President and General Manager
Nucor-Yamato Steel Company